

**Office of Thrift Supervision
Proposed 1998 Thrift Financial Report
Federal Register Notice 8/13/97**

After reviewing its current supervisory and examination needs, the OTS proposes to make certain changes to the Thrift Financial Report (TFR) effective with the March 31, 1998, report. The OTS has limited the proposed changes for 1998 to minimize the burden to the savings and loan industry. Overall, the changes will reduce the estimated burden associated with the TFR. A description of the proposed changes follows:

- **Add a question in Schedule SQ, as follows:**

"Does the reporting association have a Subchapter S election in effect for federal income tax purposes for the current tax year?"

This data item will provide a means of identifying associations electing Subchapter S status and also will provide for the future use of a Subchapter S peer group. Because this is a yes/no question and it is anticipated that it will be answered "yes" by less than 20% of the industry, it is not projected to add any additional burden to the industry.

- **Modify Schedule CCR**

The revisions will reduce CCR by a net of 7 data items. The worksheet calculation of the tangible capital requirement will be deleted. Additionally, changes will be made to risk-based capital and risk-weighted assets to give institutions with low-level recourse the option of (1) deducting low-level recourse from capital on a dollar-for-dollar basis or (2) converting it to a risk-weighted asset amount.

Four Capital and Prompt Corrective Action (PCA) ratios will be added at the end of the form. These will be generated by the electronic filing software and, therefore, will have no burden associated with them. They will provide instant feed-back to associations as they complete the form and will be recalculated whenever an amendment to CCR is filed. This addition would eliminate the need for running a separate program to calculate these ratios each time amendments are filed.

- **Year 2000 Change**

SQ170 and all date fields in the electronic filing software (with certain exceptions in Schedule CMR) will be expanded to accommodate four digits in the year field. The date fields in Schedule CMR that will not be expanded to four digits are the "Maturity or Fees" column for "Off-Balance-Sheet Positions" (CMR 803, CMR808 . . .) and the analogous column in "Optional Supplemental Reporting for Off-Balance-Sheet Positions" (Column 3).

Office of Thrift Supervision
1998 Thrift Financial Report
Schedule CCR – Consolidated Capital Requirement
Federal Register Notice 8/13/97

Page One: Thirteen fields deleted; no new fields.

Tier 1 (Core) Capital Requirement:

Tier 1 (Core) Capital

Equity Capital (SC80)

Field No.

CCR100 (1)

Deduct:

Investments in and Advances to "Nonincludable" Subsidiaries

CCR105

Goodwill and Other Intangible Assets

CCR115 (2)

Nonqualifying Equity Instruments

CCR120

Disallowed Servicing Assets, Disallowed Deferred Tax Assets, and Other
Disallowed Assets

CCR133

Add:

Unrealized Losses (Gains) on Certain Available-for-Sale Securities
(Net of Income Taxes)

CCR102

Qualifying Intangible Assets

CCR220

Minority Interest in Includable Consolidated Subsidiaries

CCR125

Mutual Institution's Nonwithdrawable Deposit Accounts

CCR130

Tier 1 (Core) Capital

CCR20 (1)

Adjusted Total Assets

Total Assets (SC60)

CCR135 (1)

Deduct:

Assets of "Nonincludable" Subsidiaries

CCR145

Goodwill and Other Intangible Assets

CCR155 (2)

Disallowed Servicing Assets, Disallowed Deferred Tax Assets, and Other
Disallowed Assets

CCR170 (2)

Add:

Unrealized Losses (Gains) on Certain Available-for-Sale Securities

CCR137

Qualifying Intangible Assets

CCR250 (1)

Adjusted Total Assets

CCR25 (1)

Tier 1 (Core) Capital Requirement

CCR27

(1) These fields will be generated by the electronic filing software.

(2) These fields will be generated with the option available to the report preparer to override, if necessary.

Page 2 of Schedule CCR add a new line (CCR375) as follows:

Allowable Supplementary (Tier 2) Capital

Field No.

CCR35 (1)

Equity Investments and Other Assets Required to be Deducted
Low-Level Recourse Deduction

CCR370

CCR375

LLR amount that institutions elect to deduct from total capital on a dollar-for-dollar basis.

Capital Reduction for Interest-rate Risk (IRR) Exposure

CCR380

Total Risk-Based Capital

CCR39 (1)

Page 3 of Schedule CCR: Delete lines 65, 70 and 90 and add CCR58, CCR62, CCR75, and CCR78 as follows:

Assets to Risk-Weight (420 + 455 + 485 + 510)

CCR58 (1)

Low-Level Recourse Assets

CCR62

LLR amt. multiplied by 12.5 for institutions electing to convert LLR capital charge to a risk-weighted asset amt.

Subtotal Risk-Weighted Assets (40 + 45 + 50 + 55 + 62)

CCR75 (1)

Excess Allowances for Loan and Lease Losses

CCR530

Total Risk-Weighted Assets

CCR78 (1)

Risk-Based Capital Requirement

CCR80 (1)

CCR78 * 8%

New data fields to be generated at the end of Schedule CCR by the electronic filing software:

Capital and Prompt Corrective Action Ratios:

Generated as follows:

Tier 1 Leverage Capital Ratio

CCR810 (3)

(Tier 1 Capital ÷ Adjusted Total Assets)

[CCR20 ÷ CCR25]

Total Risk-Based Capital Ratio

CCR820 (3)

(Total Risk-Based Capital ÷ Risk-weighted Assets)

[CCR39 ÷ CCR78]

Tier 1 Risk-Based Capital Ratio

CCR830 (3)

(Tier 1 Capital ÷ Risk-weighted Assets)

[CCR20 ÷ CCR78]

Tangible Equity Capital Ratio

CCR840 (3)

((Tangible Capital + Cumulative Perpetual Preferred Stock) ÷ Tangible Assets)

[(CCR20 - CCR 220 + SC812) ÷ (CCR25 - CCR 250)]

(1) These fields will be generated by the electronic filing software.

(3) Specified as a percent (multiplied by 100).